

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 269 – HB 894

March 20, 2017

SUMMARY OF BILL: Creates rules regarding requirements for handgun safety course instruction, including qualifications of handgun safety schools and instructors; establishes the school and instructor license fees at actual cost or \$25, whichever is less; establishes a renewal cycle for handgun safety school and instructor licenses once every eight years. Requires the Department of Safety (DOS) to conduct a minimum of 10 training programs for handgun safety schools and instructors. Authorizes a permit holder to convert an eight-year permit to a lifetime permit at any time.

ESTIMATED FISCAL IMPACT:

Decrease State Revenue –

\$7,800/FY17-18/Handgun Permit Division
\$13,700/Each Year FY18-19 and FY19-20/Handgun Permit Division
\$20,400/Each Year FY20-21 through FY24-25/
Handgun Permit Division
\$7,800/Each Year FY25-26 and FY26-27/Handgun Permit Division
Exceeds \$7,800/FY27-28 and Subsequent Years/
Handgun Permit Division

Decrease State Expenditures –

Exceeds \$7,800/FY17-18 and Subsequent Years/
Handgun Permit Division

Other Fiscal Impact - To the extent renewable handgun permit holders elect to purchase lifetime permits prior to their normal renewal schedule, the Handgun Permit Division will experience an accelerated shift in revenue with the net impact being zero over an extended period of time.

Assumptions:

- The DOS reports that handgun permit course instructors currently pay a \$25 license fee once every three years to retain their license. The price for the license is assumed to remain constant under the provisions of this legislation.
- The provisions of the legislation establish a renewal timeframe of eight years.
- An average of 192 new instructors and 267 renewals are paid each year.
- Extending the renewal time for instructors from three years to eight years, will result in no impact to the DOS for the first 3 years. After the 3rd year, beginning in FY20-21, the revenue will decrease until the next renewal year in FY24-25. The decrease in revenue is expected to normalize after FY24-25.
- The decrease in revenue to the Handgun Permit Division (HPD) resulting from handgun permit instructor license changes for the next ten years is estimated as follows:

	Current Law	New Legislation	Decreased Revenue
FY17-18	\$11,475	\$11,475	\$0
FY18-19	\$11,475	\$11,475	\$0
FY19-20	\$11,475	\$11,475	\$0
FY20-21	\$11,475	\$4,800	\$6,675
FY21-22	\$11,475	\$4,800	\$6,675
FY22-23	\$11,475	\$4,800	\$6,675
FY23-24	\$11,475	\$4,800	\$6,675
FY24-25	\$11,475	\$4,800	\$6,675
FY25-26	\$11,475	\$11,475	\$0
FY26-27	\$11,475	\$11,475	\$0

- The DOS reports that handgun permit schools currently pay a \$50 license fee every year to retain their license.
- The provisions of the legislation establish a \$25 fee with a renewal timeframe of eight years.
- An average of 73 new school licenses and 238 renewals are paid each year.
- Extending the license renewal time for schools from one year to eight years, will result in the department incurring an impact in the first year (FY17-18). The decrease in revenue is expected to normalize after FY24-25

- The revenue decrease to the HPD resulting from handgun permit school license changes for the next ten years is estimated as follows:

	Current Law	New Legislation	Reduced Revenue
FY17-18	\$15,550	\$7,775	\$7,775
FY18-19	\$15,550	\$1,825	\$13,725
FY19-20	\$15,550	\$1,825	\$13,725
FY20-21	\$15,550	\$1,825	\$13,725
FY21-22	\$15,550	\$1,825	\$13,725
FY22-23	\$15,550	\$1,825	\$13,725
FY23-24	\$15,550	\$1,825	\$13,725
FY24-25	\$15,550	\$1,825	\$13,725
FY25-26	\$15,550	\$7,775	\$7,775
FY26-27	\$15,550	\$7,775	\$7,775

- The total decrease in revenue to the HPD resulting from handgun permit school and instructor license changes for the next ten years is estimated as follows:

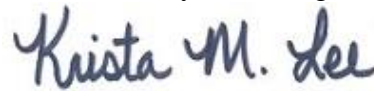
	School Revenue Decrease	Instructor Revenue Decrease	Total Decreased Revenue
FY17-18	\$7,775	\$0	\$7,775
FY18-19	\$13,725	\$0	\$13,725
FY19-20	\$13,725	\$0	\$13,725
FY20-21	\$13,725	\$6,675	\$20,400
FY21-22	\$13,725	\$6,675	\$20,400
FY22-23	\$13,725	\$6,675	\$20,400
FY23-24	\$13,725	\$6,675	\$20,400
FY24-25	\$13,725	\$6,675	\$20,400
FY25-26	\$7,775	\$0	\$7,775
FY26-27	\$7,775	\$0	\$7,775

- In FY27-28 and subsequent years the revenue decrease will become recurring. Therefore, in FY27-28 and subsequent years, the recurring decrease in state revenue to the HPD is estimated to exceed \$7,775.
- It is reasonably assumed that the Handgun Permit Division will decrease expenditures pursuant to the lower number of license renewals. The extent the HPD will decrease state operational expenditures is unknown, but is reasonably estimated to exceed \$7,775 beginning in FY17-18.

- Based on information provided by the DOS, requiring 10 annual training programs for handgun safety schools and instructors can be accomplished within existing resources without an additional appropriation or a reduced reversion.
- Pursuant to Tenn. Code Ann. § 39-17-1351(x), a renewable handgun carry permit holder is only eligible to purchase a lifetime permit at the time of renewal. The provisions of this legislation authorize a renewable permit holder to purchase a lifetime permit at any time.
- The provisions of this legislation do not alter any existing fees or expenditures related to handgun carry permits.
- The extent to which handgun carry permit holders will purchase a lifetime permit prior to their renewal date is not known. However; it is believed that most permit holders will continue to renew their permits at or near their expiration date.
- To the extent renewable handgun permit holders elect to purchase lifetime permits prior to their normal renewal schedule, the HPD will experience an accelerated forward shift in revenue, the net impact of which is zero of an extended period of time. To the extent permit holders choose to purchase a lifetime permit at the time of their expiration, the impact will be not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

/dwl